

HB 171

7
R₂

HB 171

.7

.R2

Copy 1

Rand School Correspondence Courses

Seven East Fifteenth Street
New York City



MAR 22 1919

INSTRUCTION SHEET FOR CORRESPONDENCE SCHOOL STUDENTS

The students are urged to follow these instructions carefully, since only in that way will they be able to get the most out of this course.

1. Read the lesson through first as if you were reading a newspaper or a book to get the general impression.

2. Turn back to the beginning of the lesson and read a second time, more carefully.

3. Stop at the end of each sub-division and without the aid of the paper, try to summarize what you have read.

4. Turn to the questions and see how many you can answer without the aid of the lesson.

5. Turn to the paper to help you in answering those questions which you are unable to answer otherwise.

6. Read as many of the advised readings as you can.

7. Write in to the school whenever there is a point that is not explained either in the lesson itself or in the advised readings, or whenever your class leader—if there is one—is unable to supply the information.

8. Do not be afraid to use the dictionary and the encyclopedia.

9. Examinations. All students are urged to observe the following rules:

1. Questions are to be answered in ink.

2. Students are urged to write on one side of the paper, leaving a margin of at least one inch on the left-hand side. Skip one line between any two questions.

3. Answer the questions fully, but as briefly as possible.

10. The best dictionary for home use is Webster's Abridged School Dictionary.

11. How to use reference books. Look up the point in the table of contents. In most books, you will find an index at the back. In this index, the points covered in the book are alphabetically arranged. Look up the points, and then turn to the page indicated in the index.

© Cl. A 51 1983



3.50

net

The Human Element in Economics

Twelve Lessons prepared by SCOTT NEARING

LESSON I

INDUSTRIALISM

1. Laissez-Faire

Industrialism or Capitalism rose upon the ruins of Feudalism. Men had been oppressed. They desired freedom—liberty—opportunity for self-expression. This opportunity seemed to lie in the direction of greater and greater individualism.

The idea of individualism, applied to industry, took the form of the "laissez-faire" doctrine. Industry will necessarily develop most advantageously if it is unrestricted. Therefore it must be "let alone."

This doctrine of the French School of Physiocrats was forced upon the attention of England by the economist, Adam Smith, at the time (1776) when the modern method of factory production was getting its start in the British Isles. The doctrine offered marked advantages to the manufacturer, because it left him free to follow his own devices. The scheme therefore won the cordial support of the industrial class at the time that it was ascending to a position of dominating importance.

The laissez-faire idea gave the manufacturers exactly what they most desired—opportunity to develop their new projects, free from hampering influences. They seized the idea eagerly. They taught it, preached it, defended it. Industry must be free to grow; only as it was let alone, could it demonstrate its full possibilities.

2. Labor Conditions

So plausible was the doctrine; so able and powerful were the advocates; so completely had men reacted against tyranny and oppression; so eager were they for liberty in whatever form it might appear, that for half a century the laissez-faire idea held complete sway over the policies of England. The English manufacturers had a splendid chance to show what the real merits of the laissez-faire idea were. Factory industry grew up in England unhampered by legislative restrictions. There was none of the governmental interference that in these days arouses such bitter opposition in many industrial circles. No social idea ever had a better tryout than this of laissez-faire. And the results? Words almost fail. The more revolting details do not bear printing outside the realm of technical literature. At the beginning of the nineteenth century with the English manufacturers in full control of the world markets, and wholly free from any government restrictions, the conditions in the factory districts are thus described by a careful student of the problem who is writing of the manner in which the workhouse children were sold to the mill owners: "Sometimes regular traffickers would take the place of the manufacturer, and transfer a number of child-

ren to a factory district, and there keep them, generally in some dark cellar, till they could hand them over to a mill-owner in want of hands, who could come and examine their height, strength and bodily capacities, exactly as did the slave dealers in the American markets. After that the children were simply at the mercy of their owners, nominally as apprentices, but in reality as mere slaves, who got no wages, and whom it was not worth while even to feed and clothe properly, because they were so cheap, and their places could be so easily filled. . . . The hours of their labor were limited only by exhaustion, after many modes of torture had been unavailingly applied to force continued work. Illness was no excuse; no child was accounted ill till it was positively impossible to force him or her to continue to labor, in spite of all the cruelty which the ingenuity of the tormentor could suggest. Children were often worked sixteen hours a day, by day and by night. Even Sunday was used as a convenient time to clean the machinery. The author of 'The History of the Factory Movement' writes: 'In stench, in heated rooms, amid the constant whirring of a thousand wheels, little fingers and little feet were kept in ceaseless action, forced into unnatural activity by blows from the heavy hands and feet of the merciless overlooker, and the infliction of bodily pain by the instruments of punishment, invented by the sharpened ingenuity of insatiable selfishness.' They were fed upon the coarsest and cheapest food. . . . They slept by turns, and in relays, in filthy beds which were never cool, for one set of children were sent to sleep in them as soon as the others had gone off to their daily or nightly toil. There was often no discrimination of sexes; and disease, misery and vice grew as in a hot-bed of contagion. Some of these miserable beings tried to run away. To prevent them from doing so, those suspected of this tendency had irons riveted on their ankles, with long links reaching up to the hips, and were compelled to work and sleep in these chains. . . . Many died, and were buried secretly at night in some desolate spot, lest people should notice the number of the graves; and many committed suicide." There Gibbins stops with the remark,—“One dares not trust oneself to try and set down calmly all that might be told about this awful page in the history of industrial England.”

The instances adduced in the course of Parliamentary inquiries, and cited by Gibbins on subsequent pages, burn hot into the imagination of one schooled to the elements of humanitarian feeling. In one section (230) on “English Slavery” are set down the records of case after case of little children who were never employed “under five,” chained, beaten and in some cases dying of exhaustion brought on by excessive toil.

These statements are corroborated and amplified by the historians of the early factory system. Thus Lecky, in his “England in the Eighteenth Century,” writes: “In the very infancy of the system, it became the custom of the master manufacturer to contract with the managers of workhouses throughout England, and of the charities of Scotland, to send their young children to the factories of the great towns. Many

thousands of children between the ages of six and ten were thus sent, absolutely uncared for and unprotected; and left to the complete disposal of masters who often had not a single thought except speedily to amass fortunes, and who knew that if the first supply of infant labor was used, there was still much more to be obtained. Thousands of children at this early age might be found working in the factories of England and Scotland, usually from twelve to fourteen, sometimes even fifteen or sixteen, hours a day. Not infrequently during the greater part of the night In one case brought before Parliament, a gang of these children was put up for sale among a bankrupt's effects, and publicly advertised as part of the property. In another, an agreement was disclosed between a London parish and a Lancashire manufacturer, in which it was stipulated that with every twenty sound children one idiot should be taken. Instances of direct and aggravated cruelty to particular children were probably rare, and there appears a general agreement of evidence that they were confined to the small factories. But labor prolonged for periods that were utterly inconsistent with the health of children was general. In forty-two out of the forty-three factories at Manchester, it was stated before the Parliamentary Committee in 1816, that the actual hours of daily labor ranged from twelve to fourteen, and in one case they were fourteen and one-half. Even as late as 1840, when the most important manufacturers had been regulated by law, Lord Ashley was able to show that boys employed in carpet manufactories at Kidderminster were called up at three and four in the morning, and kept working sixteen or eighteen hours; children five years old were engaged in the unhealthy trade of pin making, and were kept at work from six in the morning to eight at night."

The desperate straits to which a part of the working population of England was subjected as a result of developing the factory system, are described by Lecky in these terms:

"The woolen manufacturing in the eighteenth century was carried on by numbers of small masters in their own homes. They usually employed about ten journeymen and apprentices, who were bound to them by long contracts, who boarded in master's house, and who worked together with him, under his immediate superintendence. In Leeds and its neighborhood, in 1806, there were no less than 3,500 of these establishments. But the gigantic factory with its vast capital, its costly machinery, and its extreme subdivision of labor, soon swept them away. Hand-loom weaving, once a flourishing trade—long maintained a desperate competition against the factories, and as late as 1830 a very competent observer described the multitude of weavers, who were living in the great cities, in houses utterly unfit for human habitation, working fourteen hours a day and upwards, and earning only five to eight shillings a week."

Even more revolting are the descriptions written of the conditions that surrounded the lives of the mine workers in the early part of the nineteenth century. Women as well as men were taken into the mines, and there subjected to the most fearful hardships. In some cases, as the reports of the Parliamentary investigation showed, the women dragged the

cars through passageways that were too low to admit of the use of ponies or mules.

3. The First Factory Laws

Faced by such conditions at the beginning of the nineteenth century, the more far-seeing of English statesmen realized the danger to British national supremacy in a system of such fearful exploitation. Beginning in 1802, with the first factory act, law after law was passed safeguarding the health, first of the children, and later of women and men. Even the earliest of these laws, which contained little more than a theoretical departure from the policy of *laissez-faire* was carried, to use Lecky's phrase, "in the teeth of a fierce class opposition." The manufacturers banded themselves together and fought the acts one by one. They alleged foreign competition, the danger to the existence of British industry, dwindling profits, and finally, the right of Britons to full individual liberty.

The Act of 1831 forbade night work for persons between nine and twenty-one years of age, and limited the working day of persons under eighteen years to twelve hours a day and nine hours on Saturday. This law, applying to cotton factories only, was passed after a third of a century of ceaseless agitation. Under it, children of nine could be called upon to work sixty-nine hours a week. "The hours of black slaves' labor in our colonies were at that very time carefully limited by law (orders in Council, November 2, 1831) to nine per day for adults, and six for young persons and children, while night work was simply prohibited." Not until 1847 was a ten-hour day for women and children secured.

These are some of the early phases of industrialism or capitalism. The system promised well from the standpoint of profits; but it likewise promised that these profits would be wet with tears and reeking with human misery.

Note.—These questions are intended for the guidance of the student and are not to be answered in writing and sent in to the school for the correction.

Questions:—

1. How did the "*laissez-faire*" doctrine effect labor? Capital?
2. Can you trace any results of this doctrine in the American form of government?
3. In the American Labor Movement?
4. Why did the English manufacturers treat the child workers with such indifference?
5. Why do you suppose there was a "fierce class opposition" to the passage of the factory acts?
6. Do you know of any similar situations in the United States?

References:—

- Industry in England—H. D. Gibbins.
The Modern Factory—Geo. M. Price.
Merrie England—Robert Blatchford.
Efficiency and Empire—Arnold White.
The Factory System—R. W. C. Taylor.

The Human Element in Economics

Twelve Lessons prepared by SCOTT NEARING

LESSON II

WEALTH AND LIFE

1. Early Criticism

Reason tells us that we must judge wealth by its effects upon human life and human well-being. On that basis alone, the present system of industrial society must be justified or condemned.

The prosperity-enthusiasts did not have the field entirely to themselves. During the early years of the exploitation of English labor by the newly created system of factory industry, there were not lacking voices that uttered vehement warnings and earnest prophesies concerning the outcome of a system of industry that built prosperity upon poverty. Thus, Ruskin in one of his analogies, points out the similarity existing between a national household and a domestic household. In the one, as in the other, the prosperity of the institution must be analyzed in terms of the well being of the members. If any do not share in the prosperity of home or state, perhaps, after all, the prosperity is not real. Applying this proposition to England, that was called prosperous by the classical economists of his time, he says: "The power of our wealth seems limited as respects the comfort of the servants, no less than their quietude. The persons in the kitchen appear to be ill-dressed, squalid, half-starved. One cannot help imagining that the riches of the establishment must be of a very theoretical and documentary character." Again he notes the "beautiful arrangement of dwelling-house for man and beast, by which we have grouse and blackcock, so many brace to the acre, and men and women, so many brace to the garret." Throughout his discussion of political economy Ruskin makes similar comparisons, and from each one he draws the conclusion that true national prosperity can never be built upon poverty and squalor. Where wealth accumulates and men decay, there can be but one final result.

2. Carlyle, Ruskin, Dickens

Carlyle, too, had nothing but contempt for the widening abyss between poverty and riches. It was in 1831 that he wrote: "Does not the observant eye discern everywhere that saddest spectacle; The Poor perishing, like neglected, foundered, Draught-Cattle, of Hunger and Over-work; the Rich, still more wretchedly, of Idleness, Satiety, and Over-Growth." No one was more scornful of the new régime than was Carlyle, who found in it the negation of many of the social principles that were to him most dear. At a time when they "on all hands hear it passionately proclaimed: *Laissez-Faire*," Carlyle found nothing but condemnation of the doctrine in the events that

were transpiring about him. It is because of this that he exclaims: "Call ye that a Society where there is no longer any Social Idea extant; not so much as the Idea of a common Home, but of a common over-crowded Lodging House? Where each, isolated, regardless of his neighbor, turns against his neighbor, clutches what he can get, and cries 'Mine!' and calls it peace because, in the cut-purse and cut-throat Scramble, no steel knives, but only a far cunninger sort can be employed?" Again and again he records his vigorous protests against the abuses of the new industry that was preaching natural law while it multiplied profits.

There were splendid true things said by Ruskin; Carlyle scattered his invective over the fields of social wrong that he saw about him; but perhaps the fiercest attacks against the abuses of the profit system were made by Charles Dickens. "Hard Times" reveals him at his best in his analysis of "Prosperity." He holds the thing up, looks at it, laughs at it, and then throws it from him, shuddering at its noisomeness and dirt.

(a) Prosperity

When Mr. McChoakumchild, the schoolmaster, assays to teach about "National Prosperity," little Sissy Jupe, who has been raised in poverty, fails completely to understand his point of view. "Girl number twenty," he says, "Now this schoolroom is a nation. And in this nation there are fifty millions of money. Isn't this a prosperous nation, and ain't you in a thriving state?" Poor Sissy was sadly puzzled, but she gave the wrong answer, for she said, "I couldn't know whether it was a prosperous nation, or not, and whether I was in a thriving state or not, unless I know who had got the money, and whether any of it was mine." So the teacher stated the question differently. Said he: "This schoolroom is an immense town, and in it there are a million of inhabitants, and only five-and-twenty are starved to death in the streets in the course of a year. What is your remark on that proportion?" Again, Sissy was wrong, for she said she "thought it must be just as hard on those that were starved, whether the others be a million million." So the teacher tried once more to give his point of view. "I find," he explained, "that in a given time a hundred thousand persons went to sea on long voyages, and only five hundred of them were drowned or burnt to death. What is the percentage?" "Nothing," Sissy replied, "to the relations and friends of the people who were killed." And she was wrong again!

Thus does Dickens ridicule the proposition that the chief aim of statesmanship is to build a prosperity based upon profits and trade-balances. Living in an age when prosperity was measured in terms of the well-being of manufacturers and traders, he recorded his contempt of the reverence with which the British nation regarded this kind of prosperity.

(b) The Workers

A very different note enters his language when he turns

from the lives of the owners and the exploiters to the lives of the workers. He enters the subject abruptly.

"In the hardest-working part of Coketown; in the innermost fortifications of that ugly citadel, where Nature was as strongly bricked out as killing airs and gases were bricked in; at the heart of the labyrinth of narrow courts upon courts, and close streets upon streets . . . in the last close nook of this great exhausted receiver, where the chimneys for want of air to make a draught were built in an immense variety of stunted and crooked shapes; . . . among the multitude of Coketown, generically called 'The Hands'—a race who would have found more favor with some people if Providence had seen fit to make them only hands, or, like the lower creatures of the seashore, only hands and stomachs—lived a certain Stephen Blackpool, forty years of age.

"Stephen looked older, but he had had a hard life. It is said that every life has its roses and thorns. There seemed, however, to have been a mistake of misadventure in Stephen's case, whereby somebody else had become possessed of his roses, and he had become possessed of the same somebody's thorns in addition to his own."

Here Dickens is holding up to ridicule some of the favorite arguments of the political economists of his day. But in many a characterization throughout his novels he describes poverty, privation and hardship, particularly among children, with a telling power. As if to summarize his indictment against a society that permitted such frightful conditions to surround the lives of little children, he writes the conversation between Scrooge, symbolizing commercialism, and the Spirit of Christmas, symbolizing the generosity of human nature, in words of gravest import.

"From the foldings of its robe it brought two children; wretched, abject, frightful, hideous, miserable. . . .

"Oh, Man! look here! Look, look, down here!" exclaimed the Ghost.

"They were a boy and a girl. Yellow, meager, ragged, scowling, wolfish; but prostrate, too, in their humility. Where graceful youth should have filled their features out and touched them with its freshest tints, a stale and shriveled hand, like that of age, had pinched and twisted them and pulled them into shreds. Where angels might have sat enthroned, devils lurked and glared out menacing. . . .

"Scrooge started back, appalled. Having them shown to him in this way, he tried to say they were fine children, but the words choked themselves, rather than be parties to a lie of such enormous magnitude." Scrooge then asks to whom they belonged.

"They are Man's," said the Spirit, looking down upon them. "And they cling to me, appealing from their fathers. This boy is Ignorance. This girl is Want. Beware of them both, and all of their degree, but most of all beware this boy, for on his brow I see that written which is Doom unless the writing be erased. Deny it!" cried the Spirit, stretching out

its hand toward the city. "Slander those who tell it ye! Admit it for your factious purposes, and make it worse! And bide the end!"

Ruskin turns from such conditions and descriptions with his famous statement: "There is no wealth but life." He had read the current Political Economy, with its laudation of trade-balances, profits and production. Against such patently fallacious doctrine he revolted. Bullion would not save a country, neither would trade-balances, nor yet profits. Real human prosperity was impossible while poverty raised its menacing form besides riches. Against such a contradiction, he hurled his great affirmation, "There is no wealth but life. Life, including all its powers, of love, of joy and of admiration. That country is the richest which nourishes the greatest number of noble and happy human beings; that man is richest who, having perfected the functions of his own life to the utmost, has also the widest helpful influence, both personal and by means of his possessions, over the lives of others."

These were his standards of economics. His "veins of wealth" were not yellow but purple. They were in the flesh, not in the rock. He saw life, with all of its abundant possibilities, as the goal of national existence. How far had the leaders of commercialism fallen from that high standard!

The modern industrial system had its rise in England, but it is fast developing in the United States. The English people have had more time to examine the industrial system than we here in America, but the same problems are now confronting us that formerly confronted them.

NOTE.—These questions are intended for the guidance of the student and are not to be answered in writing and sent in to the school for correction.

Questions:—

1. What is your definition of wealth?
2. What relation should wealth have to life?
3. How did early British industry serve life?
4. Does Carlyle's description of the society existing in his day fit the facts of modern life? Note the important differences.
5. How would you have answered Mr. McChoakumchild's questions?
6. Do you know any Stephen Blackpools in America? Where do they work? Would Dickens' description fit their lives?
7. What is meant by the phrase "There is no wealth but life?" Do you agree?

References:—

- John Ruskin—"Unto This Last"
Henry George—"Progress and Poverty" (last chapter)
J. A. Hobson—"The Social Problem" (ch. 1 and 2)
S. & B. Webb—History of Trade Unionism (ch. 2)

The Human Element in Economics

Twelve Lessons prepared by SCOTT NEARING

LESSON III

THE PROMISE OF THE MACHINE

1. Man and the Tool

Man has been called the tool-making and tool-using animal. Among living creatures, he alone has supplemented his powers by the use of tools. The tool augments man's possibilities.

The tool gives man his power over the universe. He fashions the tool; wields it; owns it.

A sense of possession goes with the fashioning of the tool. The savage who hollowed his canoe from the log or chipped the flint for his spear-head owned the thing he had made. It was his because he fashioned it. Men love the work of their hands, because their hands have done the work.

The man who wields a tool feels the power of his mastery. It is his. Backed by the strength of his arm and guided by the light of his brain, it pulsates to its task. He pushes, swings, pulls, directs. The tool user is master of his tool.

Ownership carries with it a sense of proprietorship. The man has fashioned and wielded the tool. He owns it. It is his. The title, the right of possession remains in the man to whom the tool belongs.

The power of the tool, backed by man's master guidance, is the title to his kingdom. He has the earth. He has been told to master it and possess it.

The modern tool is the machine. Ever since the first rude wooden spear was fashioned, ever since the first fish-bone was shaped into a needle, the first clay was molded into a bowl, and the flint was chipped and fitted to the arrow; from the most primitive beginnings down to the present day, man has been perfecting the tool. He has seen in it new possibilities and dreamed into it new wonders of invention.

2. The Machine

Only yesterday, the man made, wielded and owned the tool. Today—what transformation! The tool has left the narrow confines of its age-long prison and appeared in its true form as a machine.

Electric cranes, locomotive engines, steam rollers and blast furnaces are machines—intricate, huge, costly. They are the product of an age-long evolution of the tool—but they

are more than the tool. The thumb, forefinger and forehead have made a being that is alive with a tireless, superhuman power.

The machine is intricate. No man can make all of the parts or engage in all of the processes that go to the construction of any one machine. Men do not fashion the machines they use.

The machine is huge. No man can toss it upon his shoulder and carry it. No man can wield it. The machine is not carried about as was the tool, from place to place. It is not raised or swung or wielded. Instead it is fixed in a place, to which the man comes to do his work.

The machine is costly. No man can own the machinery with which he works. First, because it is too expensive for each man to own, and second, because where many men work with one machine, like a locomotive, if one should own it, another would necessarily be denied ownership. Aside from collective ownership, there is no possibility for the individual worker to own the machine with which he works.

The huge, intricate, costly machine cannot be fashioned, wielded and owned by the man who uses it. The rail mill and the printing press differ essentially from the smith's hammer and the pen. The machine is a super-tool—a new entity—for behind it, within it, driving it relentlessly, are the eternal powers of nature which drive the universe. Jove's lightnings play through the dynamos and along the wires. Water, earth and air, concentrated in the machine, toil for man.

During untold ages mankind has struggled against want and privation. It was the effort to escape from this struggle that called the machine into being.

3. Man and the Machine

The life of a man was bitter. In the jungle, on the plain, under the mountain-side, dependent on nature, he lived, precariously, from hand to mouth, warring continually with the forces by which he was surrounded; or else, a unit in some form of social organization, he earned black bread and a pallet of straw through unremitting toil. Conquest, tribute, slavery, serfdom were means of escape which raised a few above the crudities of the world struggle, while they ground the majority of mankind into dust.

The machine has vanquished that most ancient enemy of mankind—famine. The machine has made want and privation eternally unnecessary. The machine, under capitalism, produces enough for all. No stomach need be empty, no back naked, no head shelterless. The machine has given man a hundred hands where before he had only two. Flour, woolen yarn, leather, clapboards, may be had in ample abundance.

If each man will do only a moderate amount of labor, the people of every country that employs machinery would be provided with all of the necessities of life.

The supply of these necessities can be insured without overwork. There is no need for a twelve-hour day. The users of machinery may be well supplied with all things needful to life with a few hours work each day, leaving ample time for the unfolding of the human spirit.

Leisure is as much a product of the machine as are bread and shoes. The command, "In the sweat of thy face shalt thou earn thy bread," is so mitigated by the powers of the machine that men may earn a generous living and have time to play and think in the same number of hours that formerly produced a bare subsistence.

The machine augments the possibilities of life. By multiplying human productive power it increases the number of things that man may have at the same time that it enlarges his possibility of leisure.

The machine has led, as might readily have been predicted, to the piling up of phenomenal masses of wealth. Man's productive power has been multiplied by marvelous achievements. New resources are utilized. Old ones are employed to better purpose. New methods, improved devices, save labor, time and energy, while they increase output.

The United States Bureau of Labor tells the story in figures. Twelve-pound packages of pins can be made by a man working with a machine in 1 hour 34 minutes. By hand the work would take 140 hours 55 minutes. The machine is ninety times quicker than the hand. Furthermore, "the machine-made pin is a much more desirable article than the hand-made." "A hundred pairs of men's medium grade, calf, welt, lace shoes, single soles, soft boxtoes, by machine work take 234 hours 26 minutes; by hand the same shoes take 1,831 hours 40 minutes. The labor cost on the machine is \$69.55, by hand, it is \$457.92. Five hundred yards of gingham checks are made by machine labor in 73 hours; by hand labor in 5,844 hours. One hundred pounds of sewing cotton can be made by machine labor in 39 hours; by hand labor in 2,895 hours. The labor costs are proportionate." The same facts hold true of agriculture. A good man with a scythe can reap one acre a day; a good reaper and binder does the same work in 20 minutes; six men with flails can thresh 60 liters of wheat in half an hour. One American thresher can do twelve times as much (740 liters). Commenting on these and similar figures, the government report states: "The increased effectiveness of man-labor, aided by the use of machinery . . . varies from 150 per cent, in the case of rye, to 2,244 per cent, in the case of barley. From this point of view, a machine is not a labor-saving but rather a product-making device . . ."

This machine efficiency is reflected in the census figures showing the wealth of the United States. During the last half century, wealth has increased very much faster than population. A glance at the following table will confirm the statement.

Year	Population (in millions)	Wealth (in millions)
1850	23	7,135
1860	31	16,160
1870	39	30,069
1880	50	43,642
1890	63	65,037
1900	76	88,517
1910	92	107,104
1917	103	250,000

This, then, is the machine—a thing conceived by man's inventive genius and utilizing nature's power to supply human needs. The machine is man's energy and strength, multiplied many times. Its products are manifold.

Note.—These questions are intended for the guidance of the student and are not to be answered in writing and sent in to the school for correction.

Questions:—

1. Can you trace the evolution of the plow? the sewing machine? the trip-hammer?
2. Why do men love the things they make?
3. In what sense have men the right to the product of their own hands?
4. Explain carefully the differences between the tool and the machine. Note the ways in which each has served society.
5. In what sense has the machine vanquished hunger? Are any people hungry in the great centres of machine production?
6. May not the increase in the population which machine production has made possible, overpopulate the world?
7. Is there any near limit in the possibilities of machine production?

References:—

The Instinct of Workmanship—Thorstein Veblen
The Theory of the Leisure Class—Thorstein Veblen
Economic History of the U. S.—E. L. Bogart

EXAMINATION I

Note.—These questions are to be answered in writing and are to be sent to the school for correction and rating.

1. Does the Capitalist Class in America still preach and teach “laissez-faire”? How? Where?

2. Would conditions as described in Lessons I, II and III be possible in the United States? Explain.

3. What relation has Capitalism established between work and life?

4. What can we learn from England's experience with capitalism?

5. Are we learning it? Tell where and how?

6. Why did the machine replace the tool?

7. Has the machine come to stay?

8. Should the worker encourage the use of machinery?

The Human Element in Economics

Twelve Lessons prepared by SCOTT NEARING

LESSON IV

WHAT HAS THE MACHINE DONE?

1. Increased Productivity

The machine multiplies man's productive power. The coordination of industrial units leads to increased efficiency. The past half century of machine industry and of industrial organization, combination and concentration has witnessed a great increase in wealth.

The wealth of the country in 1850 was a little more than seven billions. By 1917 it had risen to two hundred and fifty billions. Although the population was only about four times as great in 1917 as it was in 1850 the total wealth of the country was more than thirty times as great.

The machine has infinite possibilities. It has fulfilled its promise by creating immense masses of wealth. The machine has done what it was expected to do. There remains man, the creator of the machine, and the relations that have sprung up between the creator and the creature of his creative power.

The machine has converted man the tool user into man the machine tender. Markham's "Man with the Hoe" was master of his tool. "Bowed with the weight of centuries, he leans upon his hoe and gazes on the ground." Yet, when his contemplation was over, he could shoulder the hoe and take it home. He could wield it, repair it, duplicate it. It belonged to him.

Man, the tool user, could fashion, wield and own his tool. Not so, man the machine tender. He is brought face to face with giant forces and mighty mechanisms. The tools of industry are no longer stored away beside the peasant's cot. Instead they are kept in the factories and plants where the work of the world is now done.

The tap-tap of the home workshop has been replaced by the roar of the modern workshop—the industrial world. The vast mechanical devices, symbols of man's ascending power, speak in stentorian tones the watchword of modern industry.

2. Efficiency

There is a boy doing piece work. He sits in front of a revolving table, putting nuts onto bolts. He picks up a nut, places it upside down on the table; picks up a bolt, presses it against the revolving nut, which passes up on the thread of

the bolt; picks up another nut, places it upside down on the revolving table, picks up a bolt and presses it against the nut; picks up another nut, threads it on a bolt, and so on through the twelve hours of his "shift". If he is quick, he can finish about eight hundred bolts an hour. He receives ten cents a thousand for the work.

This man is fastening the spokes into the iron eyelet that forms one side of the hub of a baby coach. He reaches for an eyelet, slips it to its place on the die, brings two pieces of bent wire that are to be the spokes and drops them into place with his right hand, drops a third piece of wire in place with his left hand, presses a treadle with his foot; the machine drops a die that fastens the six spokes securely into the eyelet; the man throws the completed work on a pile, reaches for another eyelet and repeats the process. There are seven hand motions and one foot motion required for each operation. The experienced operator turns out 20 pieces a minute; 1,200 pieces an hour, 10,000 pieces a day. In a week this machine tender repeats his series of eight motions from 50,000 to 60,000 times. What a prospect, at one week end, to contemplate for the coming week—fifty thousand repetitions of an habitual section! It is the price this man must pay for his daily bread.

The soul that should expand through the creative effort of craftsmanship; the mind that should be occupied with the educative processes of constructive work; the hand that should be trained to follow the behests of the soul and obey the directions of the mind; the stream of the man's consciousness—his whole being are prostituted to eight motions repeated, repeated, repeated until the imagination grows dizzy, as in the contemplation of infinity, with the difference that here it is affrighted by an infinity of littlenesses.

The tool user made his tool, wielded it and owned it. The machine tender is using a machine made by other workers in highly specialized factories. He no longer wields the tool. Instead, leaving his home, he goes to the place where the tool is, to work with it there. As an individual, the tool user cannot own the machine that he uses. One machine—a blast furnace, for example—is used by many men, and is useless unless many men use it. The machine is a social tool—depending for its efficacy upon the co-operation of many people.

3. Social Production

The machine is social in nature, as the tool was individual. Many men work with the machine. If one man be permitted to own it, he has a potent advantage over his fellows which may enable him to dictate to them the terms under which they shall work, and to compel them to pay him a part of the product of their labor because he owns the machine. They must make a living. That means, nowadays, that they must work with machinery. The machine owner

has an advantage because he owns the means of another's livelihood. His exercise of that advantage is called exploitation.

4. Exploitation of Labor

The feudal lord exploited his tenants through his ownership of their means of livelihood—the fertile land. The modern world depends for its living upon machinery instead of upon agricultural land, and therefore the owner of machinery is in a position similar to that of the land owner in feudal Europe.

The tool user was master of his tool. He could wield it. It was his. The machine tender cannot wield his machine. Instead, he gears himself to meet the pace which the machine sets.

There is something fundamentally vicious about this process of setting the man to keep the pace of the machine. The tool user worked according to his volition. When he struck a blow with his hammer, he did so because he wished to strike. His emotions and his will were guiding principles. He was a free man!

The machine tender does his work in time with the machine. He must accept its pace and follow its lead if he is to keep his job. He is under coercion by the machine.

Those who insist on liberty and resent despotism may see in the machine a means of coercion that surpasses all its predecessors in effectiveness and finality.

The man who takes a place in a modern industry becomes a unit in a highly organized system. He is a unit, an essential unit, because he can be easily replaced. He is working under the direction of a great industry. There is little contact between the men at the top and the men down below.

The stops and gears are set. The machine is started. To paraphrase Lord Nelson, "Machinery expects every man to do his duty." His work is cut out for him.

The machine is exacting, implacable. Long hours and high temperatures are to it a matter of utter indifference. The machine works by night and by day under conditions that are humanly impossible, yet human beings are asked to keep the pace which the machine sets.

These are but a few of the many discomforts that surround the work of machine tenders. No mention has been made of the more vicious features of machine tending, which are an incidental and not an integral element of industrial life. The high accident rate and the industrial diseases so prevalent in some industries have in many cases been caused or intensified by the coming of the machine; nothing has been said of the child labor that the machine has made possible. Rather, it has been the aim to show that the machine is a pacemaker, shod with seven-league boots; a taskmaster, re-

lentless and implacable. Monotony, speed, intensity, strain, all are incident to work in which the rate is set by the power of the machine rather than by the ability of a worker to keep the pace.

The machine is the dominant factor in industry. It is expensive; it must be used to its full capacity; it is made to turn out product. Take these things together, and the worker finds himself serving the machine—caught in the levers and cogs.

Note.—These questions are intended for the guidance of the student and are not to be answered in writing and sent in to the school for correction.

Questions:—

1. Is there a factory near your house? Visit it and watch the different "operations" required to turn out a product.
2. How many such operations does one person perform?
3. What is the relation between the deftness of the worker and the fewness of these operations?
4. Does the worker who makes the intricate machine derive more satisfaction from his work than the user of the machine? Explain.
5. "The necessity of keeping pace with the machine, even though the pace is a comparatively slow one, arouses resentment in the soul of a liberty loving human being." Is this true? Explain.
6. Would it be possible for the machine to inaugurate a new slavery? By what process?

References:—

Letters from a Chinese Official—G. Lowes Dickinson
The Instinct of Workmanship—Thorstein Veblen
Industry in England—H. D. Gibbins
Economic History of the U. S.—E. L. Bogart
Merrie England—Robert Blatchford

The Human Element in Economics
Twelve Lessons prepared by SCOTT NEARING

LESSON V
WAGES AND SALARIES IN AMERICAN INDUSTRY
1. Specialization of Labor

The machine has heaped up huge masses of wealth at the same time that it has changed the worker from an artisan into a machine tender. What reward has it given the worker? What portion of the huge wealth mass goes to him? A part of the answer will be found in the wage statistics published by various public bureaus and authorities.

Broadly speaking, there are three kinds of workers in modern industry. First, there are managers, superintendents, executive and administrative officers, who are entrusted with the business of directing industrial operations; second, there are the clerks, bookkeepers and other persons engaged in the commercial department of industry; and, third, there are the wage earners.

Very often a distinction is made between salaries and wages. Managers, superintendents, foremen and clerks are salaried employees. Other persons employed by the day, week or piece are classed as wage-earners. It is astonishing to note the small proportion of those engaged in modern industry who receive salaries.

The organization of industry has proceeded to a point where the managers are few and the wage-earners numerous. In all of the manufacturing industries of the United States, according to the last census, 7,678,578 persons are gainfully employed. Here is a table copied from the census, showing the division of these people into classes:

2. Industrial Classes

The Industrial Grouping of Persons Engaged
in Manufacture, 1909

Class	Total
All classes	7,678,578
Proprietors and officials.....	487,173
Proprietors and firm members	273,265
Salaried officers of corporations	80,735
Superintendents and managers	133,173
Clerks	576,359
Wage earners (average no).....	6,515,046

The managers of industry are few, even when the underlings are included. The number of clerks is somewhat larger

than the number of managers. The wage-earners constitute seven-eighths of all of the people engaged in manufacturing.

These figures relate to all kinds of manufacturing industry, including small bake shops, small printing establishments, small slaughter houses and other small-scale operations. In highly organized, large-scale businesses, the proportion of wage-earners is far greater than it is in the total for all manufacturing industries.

Take the cotton goods industry as an example. The total number of persons employed in the cotton industry at the last census was 387,771. Of this total number, 377 were proprietors and firm members; 1,726 were salaried officials of corporations; 2,358 were superintendents and managers; 4,430 were clerks, and 378,880 were wage-earners. For every thousand people engaged in the cotton industry, 977 were wage-earners.

3. Wages and Salaries

It is impossible to secure any reliable figures showing the salaries of officials in American Industry. The "General Officers" of first class railroads have "average daily earnings" of about \$20 per day. Such a figure means very little. It is a mere generalization. The same thing must be said about the figures regarding general managers, managers and other similar officials. We have little idea of this rate of pay other than that revealed by individual cases.

There are a number of reports showing the wages of "salaries" received by clerks. Such reports usually divide the earnings of clerks on the sex line, so that we know the earnings of the men clerks and the women clerks. On the whole, these figures show that the clerks' "salary" is about that of the moderately skilled wage-earner. Except for a few of the chief clerks, the clerical force is not compensated on the level of the better paid wage-earners.

Therefore, the figures showing the earnings of the wage-earners will be fairly representative for the clerical force. For the "Men higher up" we have little data covering salaries.

A number of states publish figures showing the wages of wage-earners. The last available report from New Jersey (1916) shows that of the 315,055 male wage-earners employed in New Jersey industries 67,041 received less than \$10 per week and 194,051 received less than \$15 per week. Among this entire group of wage-earners only 48,501 or 16% were earning more than \$20 per week and 15,286 or 5% were earning over \$25 per week. In this instance 17/20 of the male wage-earners of the great state were being paid less than \$1000 a year.

The wage rates of the women workers in New Jersey were much lower than those of the men. The total number of women employed was 99,799. Of these 23% were paid less than \$6 per week; 56% less than \$8 per week and 79% less than \$10 per week. Of the total number of women employed 10,508 received \$12 and over and only 3,269 or 3% were paid \$15 and over.

Similar wage rates are reported by Massachusetts, Ohio, Kansas, Iowa, Minnesota and Wisconsin. The rates in California and Oregon are slightly higher.

The latest available wage figures are those for the railroad industry.

About April 30th, 1918, the United States railway administration published a report of railway wage rates that were being paid at that time. These figures show that the wages in the south are slightly lower than the wages in the east, while the wages in the west are somewhat higher than wages in the east. On the whole, however, they do not vary greatly. The total number of railway workers employed at the time of the investigation was 1,939,399. Of this total 26% were paid less than \$60 per month (\$720 per year); 42% were paid less than \$70 per month (\$840 per year); 59% were paid less than \$80 a month (\$960 a year) and 70% were paid less than \$90 a month (\$1,080 per year). Between \$100 per month and \$150 per month one-sixth of the railway employees are reported. Ninety-seven per cent of all employees on the railroads were being paid less than \$150 per month at the time of the investigation. And 99 per cent were being paid less than \$180 per month.

The figures for railroad wages are in a sense representative because the railroad is a standard form of business.

These figures show that, as we already realize, the wages paid to the vast majority of workers in American industry are extremely small. Even as late as 1918 under the pressure of wartime prices and wartime demands the vast majority of war workers were getting less than \$100 per month and almost none of them were receiving more than \$1800 per year.

The men higher up in industry are better paid than the wage-earners. A few of them are very well paid. The men higher up are few and far between. They make up only a tiny fraction of the total industrial population. The vast majority of those who work are wage-earners and clerks. The wages of this group are pitifully small. Among railroad workers; steel-workers; packing house employees, and those engaged in other great industries, the men receive, in most cases, less than \$1000 per year—full time work. Most of the women workers are paid less than \$500 per year.

The well paid wage-earner is the exception. The low-paid worker is the rule. Industry today produces vast quantities of wealth, but those who are actively engaged in producing the wealth receive, in return for their labor, a mere pittance. Abundance of economic life has never been and is not now the lot of the worker under capitalism.

Note.—These questions are intended for the guidance of the student and are not to be answered in writing and sent in to the school for correction.

Questions:—

1. If you are connected with a shop or factory, find out how many of those who work there are wage-earners; how many are clerks; how many are managers and officials.
2. How do you account for the large proportion of wage-earners and the small proportion of managers in modern industry?
3. What chance has the worker to "rise" in modern industry?
4. Does the elevation of one worker into the ranks of the managers change the condition of the other workers?

References:—

Wages in the United States—Scott Nearing:

Write to the Department of Labor, Washington, D. C., and to the Department of Labor in your own State for the latest wage figures which they publish.

The Human Element in Economics

Twelve Lessons prepared by SCOTT NEARING

LESSON VI

LIVING WAGES AND DYING WAGES

1. Standard of Living

The wage facts raise a very important question: "Are American workers paid enough?"

Enough? Enough for what?

You can decide, in the case of a particular family, whether the wage is sufficient. Can the same decision be reached in the case of thousands and millions of workers? Unless such a result is possible, the science of economics is a failure.

The question of the sufficiency of American wages is leading everywhere to endless and often to bitter controversy between employers and wage-earners, who ordinarily base their contention that wages are "too high" or "too low" upon tradition or prejudice rather than upon scientific analysis. The result is dissension and misunderstanding. The student of economics approaches the matter scientifically. First, he studies the wage facts; second, he decides upon some standard by which wage adequacy may be measured or judged; and third, he compares the prevailing wages with this standard in order to determine their adequacy.

2. The Minimum of Decency

There are three propositions which are fundamental to any consideration of wages:

1. Industry must pay a wage sufficient to maintain the efficiency of its workers.
2. Society must oppose any wage that leads to poverty, hardship or social dependence.
3. Wages must be sufficient to enable the worker and his family to live like self-respecting members of the community.

These three statements are so generally accepted that they require little elaboration. It seems evident that unless industry pays a wage that will maintain the efficiency of its workers, industry must deteriorate. It seems equally evident that unless society insists on a wage sufficient to prevent dependence, the family, school, and the state must suffer. At the same time, if progress is to be made, the wages paid must make possible self-respect, while they stimulate men to activity. All three propositions are stated in terms of social

expediency. The social justice of the present wage system will not be called into question.

3. The Family Wage

Under the present social system, a man's wage must be a family wage. The home is looked upon as the basic social institution. Each man is expected to make a home, and having made it, to earn a living sufficient to allow the wife to devote her time and energy to the care of the home and of the children. While the mother presides over the home, the father must receive a wage sufficient to keep his family on a basis of physical health and social decency.

The family most frequently used in recent social studies consists of a man, wife and three children under 14 years of age. Such a family corresponds in size with the average American family. The children are too young to work for wages, and the mother should be in the home and not at work in the factory. This family is sometimes called the "normal" or "type" family.

No single wage will provide health and decency for all families. Some women cannot keep on \$40 a week a home that others can keep on \$20. The ability and personality of the housekeeper are large factors in making both ends meet. However, there is a minimum income below which the average woman cannot provide health and decency for those dependent upon her housekeeping.

A number of attempts to ascertain the cost of a decent standard of living have been based on the assumption that physical health, education up to the age of fourteen, and the other minimum requirements of modern American life were included in the term "decency."

There is a certain minimum of food, clothing, shelter and the other necessities of life below which physical health and social decency are impossible. That minimum exists in terms of bread and butter, shoes, overcoats, medical attendance and school books. It is fixed by the demands of nature and by the standards of society, wholly independent of cost or price; therefore any discussion of the cost of a decent living begins with an analysis of the various items which comprise living decency. The amount of food required by the man or by his family can be fixed with scientific accuracy. The amount of clothing is not susceptible of such an accurate statement, but it can be designated in terms of a certain number of garments per year. Most students of the standard of living have agreed that three or four rooms are necessary to house a family of five people decently. They have, likewise, made an allowance for medical attendance, for saving, for insurance and for recreation.

After the number of things necessary to maintain a decent standard of living has been decided upon, the question of cost is raised. A family requires so much flour, so many pairs of shoes, and so many rooms. What is the least amount for which these things can be obtained?

The latest figures dealing with the living wage problem were compiled by the War Labor Board. A summary of the findings of this Board as stated by Frank P. Walsh, joint chairman, is published in the Survey for December 7th, 1918, page 302.

The Board defines a living wage as follows: "The amount of wage upon which a worker and his family may be able to subsist in health and with reasonable comforts."

Mr. Walsh related how the Board had hired the best experts available and how they had made a far reaching study of the statistics: "and after studying the budgets in all wage hearings of late years, a decision was made by the staff, and not by the board, that the minimum on which a worker with a family of three children of school ages could live, was 72 cents an hour, or \$34.80."

4. Actual Wage Conditions

When the War Labor Board tried to put this wage into effect it found that it was impossible because "the whole structure of our industrial life was based upon so low a wage level that if this increase had been made it would have practically doubled the common labor rate then prevailing.

In other words, the unskilled workers at the time of the War Labor Board investigation were getting about half enough to maintain a decent standard of living. As Mr. Walsh himself puts it in the same statement, "three-fourths of the common laborers of this country had not been getting enough to eat, they had seen their children go into industry, and a great number of them were compelled to take in boarders to add to the family income."

Society demands and expects that men shall support families. The future of the state hinges upon the fulfillment of this presupposition. At the same time, the modern economic organization makes no attempt to assist the man who is bringing up a family to face the competition of the man who has no family dependent upon him.

There is no relation between the social (family) needs of a man and the wage which he receives. Wages are fixed wholly independent of social relations.

The American wage is anti-social. The present system of wage payment fails to stimulate workers to industry and thrift because it has not given them a reward in proportion to their exertions and ability. There is no relation between

product and wages. Rather wages are fixed by competition and monopoly. The present wage scale fails completely to provide a return in proportion to social needs. The simplest requirements of social progress call for ambition, for justice, and for the provision of health necessities. The present American wage scale offends even these primitive social standards.

The American wage is grossly inadequate. Examined from any point of view, it fails to provide a sufficient return to the wage-earner who is carrying the burden of a young family.

Note.—These questions are intended for the guidance of the student and are not to be answered in writing and sent in to the school for correction.

Questions :—

1. What do we mean by a living wage?
2. What is meant by a "family wage?"
3. Should a family wage be paid to all workers, whether they have or have no families?
4. Make out a family budget for the workers in your city. On one side place the amounts spent by workers for rent, food, clothing, etc. On the other side place the amounts needed to maintain "decency." Note the differences.
5. How did wages in your city compare with the standard of decent living which you have established?
6. Name the various ways in which wages are inadequate.

References :—

The Standard of Living—F. H. Streightoff
Financing the Wage-Earners Family—Scott Nearing.
Problems of Poverty—John A. Hobson.

EXAMINATION II

Note.—These questions are to be answered in writing and are to be sent to the school for correction and rating.

1. If you were a factory would you prefer to turn out a complete product? Explain.
2. Explain how the ownership of the machine gives one man a power over another.
3. What possible effects upon society can you foresee as a result of the small number of managers and the large number of wage-earners in the industrial world?
4. Comment upon the relative wages of men and women. What are the causes? The results of this situation?
5. Is a "living wage" the same thing as "the full product of labor"?
6. Need inadequacies in living conditions exist under the wage system?



The Human Element in Economics

Twelve Lessons prepared by SCOTT NEARING

LESSON VII

POVERTY

1. Progress and Poverty

America teems with wealth. Never, in history, has any nation been equally rich. Nevertheless, there are millions of people in the United States living in poverty.

The contrast between "progress and poverty" was set forth vividly by Henry George. Like many another reformer, he felt the problem deeply, but, unlike many another one, he was able to describe it in unforgettable terms. He writes, in his "Introduction": "The enormous increase in productive power which has marked the present century and is still going on with accelerating ratio, has no tendency to extirpate poverty or to lighten the burdens of those compelled to toil. . . The march of invention has clothed mankind with powers of which a century ago the boldest imagination could not have dreamed. But in factories where labor-saving machinery has reached its most wonderful development, little children are at work; wherever the new forces are anything like fully utilized, large classes are maintained by charity or live on the verge of recourse to it; amid the greatest accumulations of wealth, men die of starvation, and puny infants suckle dry breasts."

Poverty is appalling, yet its true significance can be appreciated only when it is contrasted with prosperity. The association of poverty and progress is not only what Henry George called it, "the great enigma of our times," but unless the enigma can be solved, it will prove the undoing of any society that tolerates its presence.

The man who has looked the issue in the face; who has seen this affluence and that wretchedness; who has taken pains to inquire; who understands something of the reason for poverty and for riches; finds the juxtaposition of the two strange, absurd, grotesque, repulsive, abhorrent, intolerable. These two things, placed side by side, are an affront to his sense of justice as they are a challenge to his manhood.

2. The Fruits of Poverty

Poverty must be judged by its results. Like every tree, it may be known by its fruit. What are the fruits of poverty?

The connection between poverty and vice and crime is difficult to trace. There are uncertainties and inaccuracies that cannot be completely cleared up. The relation between poverty and disease is unquestionable and unquestioned.

A well-known tuberculosis expert recently said, "I go about talking against tuberculosis, advising good food, milk, eggs, fresh air, sunshine; and while I am talking I know that on the wages they receive these people cannot possibly afford the things about which I speak."

Some of the most remarkable figures that have appeared during recent years are contained in a study by the Federal Children's Bureau of infant mortality in Johnstown, Pa. They are doubly valuable at this point, since they cover children under the age of one year—children that cannot possibly be held responsible for the conditions in which their lives are laid.

Every baby born in Johnstown in 1911 was followed up for one year. The results of the study are summarized thus: "The highest infant mortality rate is found . . . where the poorest, most lowly persons of the community live—families of the men employed to do the unskilled work in the steel mills and mines." "Prospect ranks next to Woodvale" with a death rate of 200 per 1,000 children born. The district "has not a single properly graded, drained and paved street. The downtown section, where are to be found many of the well-to-do people, has the lowest infant mortality rate in the city, it being but 50." Here is an adequate measure of the difference between the deaths of 200 and 50 babies in a thousand. The death rate among the poor is more than five times that among the well-to-do.

3. The Extent of Poverty

Poverty is prevalent. It is cursing whole sections of the population. The question of first importance is this: "Why is poverty?"

The latest work that has been done on poverty makes it possible to say, unequivocally, that personal vices and personal shortcomings are not the chief causes of poverty. Indeed, they are insignificant when compared with the larger social causes that are responsible for poverty.

An examination of the figures cited in Bliss' "Encyclopedia of Social Reform"; in Warner's "American Charities"; in Devine's "Misery and Its Causes"; or in the reports published by the larger charity societies indicates that the personal shortcomings play very little part in the poverty that brings people to the charity societies. Social forces like unemployment, accidents, sickness, widowhood and the like are largely responsible for poverty.

4. The Causes of Poverty

Hollander, in his masterful summary of the causes of poverty, makes this statement: "The great supply-sources of poverty are the underpaid, the unemployed and the unemployable." Bliss, Warner and Devine set their standards largely in terms of pauperism. The people covered by the figures

asked for help. Hollander is facing the matter in a broader way and making his estimates in terms of the entire community.

A moment's reflection will reveal the justice of Hollander's position.

The facts regarding the relation between the cost of decent living and the wages paid by American industry have already been stated. Millions of adult male workers are receiving a wage that cannot possibly support a family in physical health and social decency. It is this fact that leads Hollander to place the underpaid first as the chief supply-source of poverty. He writes: "Poverty, in its practical aspect, is a phase of the wage question. Large bodies of toilers are in receipt of income less than enough to maintain wholesome existence, and it is from this class that the mass of the poor are mainly recruited."

→ The chief cause of poverty is low wages. People are poor ✓ because the rate of wages paid by the industries of the United States will not permit them to be anything but poor.

Those who have been in the habit of thinking of poverty as a result of personal vices, should reflect on the relations that actually exist between people in the various walks of life in present-day society. No group of people has a monopoly either on the vices or the virtues. Not all of the people who drink are poor; not all vicious people are poor; nor are all dissipated, extravagant, idle, shiftless, inefficient people poor. Such people may be found in every economic group from the poorest to the richest. There is one group of people who are always poor—the people who are paid less than a living wage. ✓ The relation between low wages and poverty is as intimate as the relation between cholera microbes and cholera. The poor are poor, in the first instance, because the wages they get are poverty wages.

How inevitable, then, the conclusion which Professor Hollander sets forth on the next page of his book. "In the largest sense, it remains true that the most effective aid for those below the poverty line is the increase of income."

Theoretically, the weak and the defenseless should be given special consideration. They are unable to take care of themselves adequately, and hence their fellows should care for them. Practically, the poor are exploited because they ✓ are poor.

High prices and high rents are as effective in grinding the faces of the poor as are low wages. Both add to the intolerable pressure that life places upon them.

We eagerly seize the products of poverty. Many things are cheap because of the cheap labor done on them. Bargains are all too frequently tainted with the bitterness of poverty, yet people are glad to get bargains, without being over anxious to know their origin, lest their enjoyment of them

might be decreased by the knowledge of conditions surrounding their origin.

Low wages, high rents, high prices and bargains are some of the social forces behind poverty. Dives gains through low wages, lives on high prices and high rents and luxuriates on cheap, poverty-stained products. The well-to-do, respectable part of the community depends for much of its comfort and respectability upon the exploitation of the poor. Low wages, high prices and cheap prices are approved, commended, enjoyed and defended by those who reap the benefits from them. Meanwhile the weight of poverty rests a crushing load upon the poor.

They are poor because wages are low and rents and prices are high. Their poverty makes possible the ease of the respectable and the well-to-do. The weight of civilization rests most heavily upon the backs of those who are, of all others, least able to bear its burdens.

5. The Remedy

Those who would get off the backs of the poor must see to it that the things supplied to the poor are good in quality and fair in price. If it is unjust to exploit the well-to-do, who can in a measure protect themselves, it is doubly unjust to exploit the poor who are defenseless.

Above all else, if we would get off the backs of the poor, we must relieve the children of the poor of the intolerable burdens of poverty. They die in babyhood; they are underfed, ill-clad, badly housed and deprived of the manifold advantages that flow from good home life. They must be fed, clothed, housed and given every possible educational advantage if they are to have even the semblance of a fair opportunity in the race of life.

Note.—These questions are intended for the guidance of the student and are not to be answered in writing and sent in to the school for correction.

Questions:—

1. What do we mean by poverty?
2. What can you say regarding the existence of poverty in the United States—the richest of all the nations?
3. Is there any poverty in your neighborhood?
4. What effects does this poverty have upon adults? Upon children? On the neighborhood?
5. Hollander calls poverty a "phase of the wage question?" Discuss this statement.
6. Is there any relation between poverty and personal virtues or vices?

References:—

Encyclopedia of Social Reform—Bliss
Misery and its Causes—E. T. Devine
American Charities—Warner.
The Abolition of Poverty—T. H. Hollander

The Human Element in Economics

Twelve Lessons prepared by SCOTT NEARING

LESSON VIII

THE MAN HIGHER UP

1. The New Feudalism

The great leader is the great server.

The leader derives his commission to leadership from the special qualities that enable him to be of service to his fellows. The commonwealth demands that the great burdens and the pressing issues of life be met.

There is a saying that has come down from the time when the frontier was still a factor in national life, "There is plenty of room at the top." The truth is that the modern organization of industry calls for a very few men at the top and a great many men below.

The organized, highly specialized system of capitalism has created a new feudalism. The children of the men higher up have an excellent chance to succeed their fathers. The children of the men at the bottom of the pyramid or industrial organization have little real opportunity to do anything except follow in the footsteps of their fathers. The rewards of the men higher up enable them to give to their children a generous taste of the good things of life. Many of the men at the bottom are fortunate if they can secure for their families the barest necessities of existence.

The room at the top is so narrow that the man at the bottom sees it as a hair-line. As the organization of industry is perfected, even the hair-line dwindles.

Under the centralization of industrial control in the hands of the financial interests there is little real independence in the business world outside of the men who wield financial power. And even these men must be described as interdependent rather than independent.

The men highest up—the presidents, vice-presidents and general-managers—are bound together by the tenacious power of common interests and obligations. Common opportunity and common necessity alike lead the men who occupy even the most exalted stations in the industrial world to depend upon their fellows for support and to accept their counsel in regard to all matters of moment.

2. Property

Perhaps among the important affiliations that tie the industrial leader hand and foot, none is more omnipresent than the duty which he owes to "Property." Inevitably this is so. The managers, directors, superintendents and presidents are hired by the owners of the property to make the business pay—that is, to make it return money on the investment. The independent business man who, as he says, is not in business for his health, means to make his business pay. The leaders

of industry are the representatives of property, and as such, their chief concern is to safeguard property interests.

The leaders of industry owe their first allegiance to property. As an immediate result of this property-fealty, there has developed a virile class feeling among the leaders of industry.

The industrial leader is a part of the "system", in the same way that a man is a part of an order. Each group of people has its objects, and the object of capitalism is the making of profits, and the conservation of the propertied interests of the community. "Business is business," and the aim of all business is frankly recognized as the property returns which can be secured as a result of its operations.

The man higher up is hedged about by an established order of business life. So long as he is willing to devote his energy to furthering the interests of the business world, he is free to do his utmost. Let him begin to tinker with the machinery; let him inject into his vocabulary such phrases as social justice, and he is at once an object of suspicion. Should he carry his iconoclastic tendencies so far as to threaten the smooth running of the business machine or to reveal its secrets, he is a man proscribed. From that day forward, let him beware!

3. Scientific Management

Scientific management, efficiency systems and business organizations still further reduce the initiative of the individual, whether he be high or low in the business world. The object to be attained by any of the devices for the improvement of business organization is the standardization of the work and the consequent reduction of the risk that is incident to the bad judgment of the individual. Risk is reduced. So is the free play of individuality.

The industrial leaders, except for the favored few, are caught in their own levers and cogs. The under officers of industry—the foremen, superintendents and managers—are a part of a scheme that holds them to the accepted method of getting results. They are the subjects of the machine that ✓ they drive.

4. The Lieutenants of Industry

The under officers of a steel company or a railroad are the creatures of their businesses. Their clubs, churches, ideas and public utterances are hand picked. With the few rare exceptions that mark the rule, such men do not dare to express themselves publicly with regard to social, economic or political questions, unless they are acting as the mouthpieces of the company that employs them. They do not even dare to express themselves in regard to their specialties, unless they are sure that there is nothing in their utterances that will in any way conflict with the policies of the company.

The man half way up merges his personality with the industry in which he is employed. He subordinates to it his moral, intellectual, civic and social self at the same time that he subordinates his business self.

True apprenticeship disappeared with the disappearance of the craft system of industry. Apprenticeship was possible while men practiced trades. Today there are practically none of the old hand trades left. Industry no longer educates. It specializes men. ✓

The answer of the industrial world to the charge that industrialism is not producing leadership is quick and final—"the problem of leadership is the problem of the schools." Some of the larger industries are maintaining schools in connection with their own businesses, but for the most part, the education of the prospective worker in industry will be given in the public educational system.

5. The Schools

Turn to the schools and the same pyramiding that is found in connection with the organization of industry is met with an extreme form. On the one hand, there are the few directors, or men at the top of the educational hierarchy, and the many teachers in the ranks. On the other hand, there are the many children in the lower schools and the few in the higher schools. Again there are the few teachers above the many children subject to their authority. The pyramid is still there, with its tiny apex and broad base.

The teacher who becomes a part of the school system learns to do what she is told. If she teaches in a state like New York she is told by the Board of Regents, having charge of the educational work of the entire state. If she is a teacher in the schools of a large city, let us say Chicago, she is told by the city superintendent of schools.

The teacher is provided with a course of study, and she is notified that a certain method is the approved method for the teaching of a given subject. Then, under the eye of a supervising principal (foreman) and of a district superintendent (manager) she does her work. With the course of study prescribed and the method prescribed, the teacher has very little leeway. The elbow room that she might enjoy is reduced because of a training in a formalized normal school that was designed to prepare the teacher for just this kind of a position. There are exceptional school systems and exceptional teachers, but the great body of American school teachers have learned to do what they are told.

The machinery of the public schools is formalized. The children are no less so. They climb from grade to grade along a carefully built ladder, that is constructed on the assumption that all of the children who use it are the same kind of children. If they are not of the same kind, there is something the matter with the children. Grade above grade they go, until they reach the high school, where the tensiity of the strain is lessened, by a differentiation of courses.

During the eight years of work in the elementary school the children have been subject to one of the most sacred of all of the educational fetishes—the fetish of "discipline". The petty virtues such as punctuality, neatness, and obedience are elevated to a post of supreme importance in the school room. For eight years the child is taught to do what he is told.

6. The Factory

The factory system finds its prototype in the school system. The man higher up gives the order. The teacher in the ranks obeys. The teacher passes the command on to the pupils, who accept her authority and do as they are told.

The word that most nearly characterizes the public school system of the United States is "authority." Children and teachers alike are taught to obey, without question, the directions of those above them. The schools, more perhaps than any other institution, are inculcating in the American people an unintelligent respect for those higher up in the ranks of administrative power.

The educational system is training for leadership to this extent—it educates those who can get from their homes sufficient food, clothing, stimulus and inspiration to stay in schools. The system is doing its best to pick leaders from among those who are in the schools. But in the higher years only a small fraction of the children ever enter. They are kept out by a lack of family income.

The schools are the one public institution that may be relied upon to afford the opportunity that will yield the development of leadership qualities. Indeed, the public school is the only people's institution that there is. If the affairs of the state are to be administered democratically, if the name "Public Opinion" is to be more than a name, the public school must make the boys and girls who come to it think.

The logical place for the provision of opportunity is the schools. If all are to have an equal right to the development of talents, that right must be based on the work that is given in the schools.

Note.—These questions are intended for the guidance of the student and are not to be answered in writing and sent in to the school for correction.

Questions:—

1. Do the men in your own shop or office rise to the higher positions in management?
2. How often does this happen?
3. Make a list of the chances that the various grades of workers have for advancement into higher grades.
4. What is the relation between the theory of "Economic Determinism" and the position of the man higher up under capitalism?
5. What is the democratic method of selecting leaders—superior to the aristocratic or hereditary method?
6. If an election were held in your shop or office who would be made foreman? Who general manager?
7. Do the "rich men" in America today owe their position in any sense to "democracy"?
8. What would you say of the argument that if the workers elected their superior officers a cheap politician type would get into office?

References:—

Unto This Last—John Ruskin.

Applied Sociology—Lester F. Ward.

The Human Element in Economics

Twelve Lessons prepared by SCOTT NEARING

LESSON IX

RICHES

1. Working and Owning a Living

Poverty is an individual curse and a social sin. It blights and destroys the lives of its victims. It is a disease, and existing, as it does, side by side with the unparalleled increase in productive power that has resulted from the use of the machine, it challenges civilization.

Poverty is an outstanding feature of present-day civilization. So is riches.

A very small number of people are rich. In olden times, to be rich meant to have plate, bullion, jewels and sometimes great landed estates as well. The rich man today is in a very different position.

Incidentally, the modern rich man may have a supply of plate, bullion and jewels, but in the first instance he secures possession of income-yielding property—stocks, bonds, mortgages and the like.

There are two ways in which a man may make a living. He may work for it or he may own for it. The worker receives an income because of some service that he renders. The owner's income is based on his ownership.

The contrast may be illustrated in this concrete manner. Here is a man who manages a signal tower for the railroad company. Each year he receives \$1,000 for services. Yonder a man owns \$20,000 of the railroad company's five per cent bonds. He receives \$1,000 a year for his ownership. The towerman is paid because he works. The bondman is paid because he owns.

The claim of the property owner is prior and is perpetual. Modern business is so organized that the first shock of industrial depression is carried by the discharged workman. The dividends may be paid on the stocks. The interest will be continued on the bonds. The first burdens of industrial hardship are saddled on the wage-earner. The rich man who invests his money carefully is a thousand times more secure than the worker who is engaged in the productive work of the community.

The wealth machine, enabling some to live by owning upon the products made by those who live by working, has produced no more vicious results than this—the workers suffer hardship while the owners bask in nameless luxury.

2. The Effects of Riches

An attentive listener to the teachings of American life might easily assume that the rich were unquestionably bene-

ficiaries of their riches. Nothing could be farther from the truth. The most immediate result of riches is their disastrous effect on the rich.

All normal men and women have a greater or less amount of creative impulse—of yearning for self-expression. This self-expression is the outward manifestation of their spiritual selves. When they are children, they plan, build, decorate and play. As they grow older, they turn to more permanent forms of activity—inventing, painting, organizing, directing, planning and building tools, machines, pictures, businesses, cities and nations. Shelly wrote because he must write: Franklin experimented scientifically because the spirit within him would not be gainsaid. It was the manners of Lincoln's soul that carried him to the fore. These things are in the man.

Human faculties, including the will, grow stronger through use. Activity is the law of life. Truly said Faust, "In the beginning was the deed."

Poverty starves initiative. Riches surfeits it. Both, in the end, destroy it.

The rich learn to depend upon others. The boy, born into a rich family, who has someone at hand to fetch and carry for him, is denied the education that comes through doing. Instead of being stimulated to press forward in this direction or that, he is urged to "let James do it".

The rich, particularly in the second generation, are not called upon to achieve anything. They are relieved from the necessity of exertion. Their power of initiative atrophies. They never learn success. This denial of achievement undermines the self-respect of the rich and is one of the surest explanations of that profound dissatisfaction, world-weariness and ennui that is the spiritual scourge of the well-to-do.

Stevenson, in that inspired passage at the end of his essay, "Aes Triplex," tells what, in his estimate, it means to die young. The triumphant soul has barely finished its work. "The sound of the mallet and hammer are scarcely quenched," when the spirit, in the high tide of its being, "shoots into the spiritual land."

The hand of riches is as palsied as the hand of old age. Gradually, piece by piece, it wears down the foundations of self-respect until the rich man finds himself alone with his riches.

There is an element of contradiction, as well as of unassailable truth in the phrase "The Pauperizing Power of Riches." Yet, equivocal as it may seem, riches does pauperize the rich.

What does "pauperize" mean?

The rich are most solicitous about the poor. Whatever happens they must not be pauperized. There is a danger of pauperization in all forms of philanthropy and charity. School lunches pauperize the children; mothers' pensions pauperize the families; all forms of assistance given to individuals at public expense pauperize the individuals—that is, it renders

them less capable of self-support. Pauperize means "to lead one person to depend for support on another; to make dependent."

Riches pauperizes.

The children of rich people, and to a less extent the rich people themselves, learn to depend on others for their support. Servants wait on them; the world of productive industry supplies them with the things that they use. Riches tends to make the rich incapable of self-support. There are in riches the worst features of pauperization against which the rich are constantly seeking to guard the poor.

The burden of riches rests heavily upon individual initiative and self-respect. Riches leads to dependence—inability for self-support. Riches pauperizes.

Riches isolates the rich as completely as though they were set upon an island of gold in the midst of a boundless ocean. The rich may have their friends among the rich, but they cannot reach the heart of humanity.

Philanthropy is the effort of the rich to establish human relations with the rest of mankind. As such, it is perhaps the most arid failure of the century.

Riches saps initiative, undermines self-respect and prevents the rich man from enjoying human relationships. To the extent that riches does these things it is disastrous to the individual who is rich.

Riches leads those who are rich toward physical and spiritual death. Likewise, it leads the community toward the social death that is a necessary product of parasitism.

Riches is a purely relative term. Not only is it true that the heaven of the rich is built upon the hell of the poor, but unless there were a hell of poverty there could be no heaven of riches.

The terms "rich" and "poor" are opposites in the same sense that the terms "north" and "south" are opposites. Were the south eliminated, there could be no north. The existence of the one presupposes the presence of the other.

Ruskin states the matter thus: "Men nearly always speak and write as if riches were absolute, and it were possible, by following certain scientific precepts, for everybody to be rich.

"The force of the guinea you have in your pocket depends wholly on the default of a guinea in your neighbor's pocket. If he did not want it, it would be of no use to you; the degree of power it possesses depends accurately upon the need or desire he has for it and the art of making yourself rich is therefore equally and necessarily the art of keeping your neighbor poor."

The poorer the neighbor, the more powerful is the rich man. The contrast between the poverty of the poor and the riches of the rich is the measure of the power that the rich can exercise over the poor. The greater the contrast, the greater the power of the rich.

✓ Unless riches carry with them power over men, they are meaningless. No rich man would hold title to mines, steamship lines or metropolitan real estate unless they gave him this power.

A man owns a great estate on which there is a splendid mansion, fine stables, houses, cattle, orchards, fertile fields. One day a pestilence kills off the men and women who have been working on the estate. There are no more servants to be had, and the owner decides to keep up the property himself. What does he discover? That if he is a good workman, well equipped with up-to-date tools, his own efforts will maintain from one to five acres of land in a state of high cultivation, while the mansion, the stables and the rolling fields grow up to briars and thickets, and in a decade become a wilderness. The estate that one man can work is small indeed. Only when he can persuade others to accept a part of his riches in return for their services can he expect to be rich.

Note the conclusion to which this argument leads: "What is really desired, under the name of riches, is essentially power over men; . . . And this power of wealth, of course, is greater or less in direct proportion to the poverty of the men over whom it is exercised, and in inverse proportion to the number of persons who are as rich as ourselves, and who are ready to give the same price for an article of which the supply is limited . . . So that, as above stated, the art of becoming 'rich,' in the common sense, is not absolutely nor finally the art of accumulating much money for ourselves, but also of contriving that our neighbor's shall have less. In accurate terms, it is 'the art of establishing the maximum inequality in our own favor.'"

Note.—These questions are intended for the guidance of the student and are not to be answered in writing and sent in to the school for correction.

Questions:—

1. If someone offered you \$100,000 worth of railroad bonds would you take them? Why?
2. What would you like to do with the income (\$5,000 per year) from these bonds?
3. What would you actually do with this income?
4. Would the possession of a \$5,000 assured income change your views of life? Would it change the view of your children?
5. Explain the process by which "rich" people secure their income through the ownership of property.
6. Was Solomon right when he said, "Give me neither poverty nor riches"?

References:

The Philosophy of Wealth—J. B. Clarke.
Wealth and Life—J. A. Hobson.
Unto This Last—John Ruskin.

EXAMINATION III

Note.—These questions are to be answered in writing and are to be sent to the school for correction and rating.

1. In what sense is poverty a social disease?
2. How is it possible to have poverty and prosperity in the same community at the same time?
3. Tell why owning for a living is a menace to community life.
4. Is the concentration of wealth in the hands of a few compatible with our ideas of democracy?
5. Does an increase in national wealth necessarily mean prosperity for the people?
6. Why have the owners of wealth in the United States such large quantities of surplus seeking for investment.

The Human Element in Economics

Twelve Lessons prepared by SCOTT NEARING

LESSON X

IS THERE ENOUGH FOR ALL?

1. The Economic Surplus

The advocates of reform are frequently met with the retort that there is not enough wealth in the world to give everyone a decent living. This being true, they insist, how is it possible to inaugurate the kind of a society that the Socialists demand? Some people must be deprived of the necessities of life. Then why disturb the present order of society? There will be poverty under Socialism just as there has been under capitalism. We always have the poor with us and always will as long as human nature remains what it is.

That discussion raises the whole question of the available economic surplus.

Before the inauguration of Capitalism the economic surplus was very small. It required the entire time and energy of a great many workers to maintain a few idlers in ease and luxury. Machinery has settled that question.

We have already learned that the machine is a wonderfully efficient servant. It creates vast stores of wealth which could never have been made by the unaided hand of man.

2. The Effectiveness of the Machine

The effectiveness of the machine as a wealth producer is shown in the increase of the total national wealth. Between 1850 and the present time the population increased four fold and the national wealth thirty-four fold, so that the wealth has increased eight times as rapidly as the population.

Even more significant, are the figures showing the increase in the net income of the country. These figures are made up by taking the total amount added to the value of products by labor in a given year.

The first figures showing national income for the United States are for 1890. At that time the total net income of the country was a little over nine billions. Then, for a series of years it remained almost stationary. In 1895 it had decreased to eight billions four hundred millions. This was a year of hard times. By 1900 the national income had risen to twelve billions nine hundred millions. From that time on it has increased very rapidly. ✓

The year 1898 is a vitally important one in American economic history. With the Spanish-American War America ceased to be a borrowing nation and became a lending nation.

Since that time we have always been in a position where we could supply surplus wealth to peoples outside of the United States.

By 1910 the total net income had risen to thirty billions, by 1915 it was thirty-five billions and by 1918 seventy-three billions. In other words the total net income was eight times as great in 1918 as it was in 1890.

During this time the workers of the United States have been struggling for an increase of their wages. Sometimes they have received a 10% increase; sometimes a 20% increase. Wages in the United States are probably 40% or 50% higher in 1918 than they were in 1890. The total net income of the country is 800% higher. The population is increased 60%. The net income has increased eight fold.

These figures present a picture of prosperity without parallel in the history of economic developments. The growth of wealth in England between 1760 and 1830 was extremely rapid. But not even in those prosperous years did the English industries pile up such huge quantities of surplus wealth as have been piled up by the American industries during the past generation. For every dollar of net income that the United States enjoyed in 1890 there are approximately eight dollars today. For every dollar of wealth in the country in 1850 there are over thirty dollars today. This increase is little short of marvelous.

Nor is there indication that the increase will not continue in the coming years. Undoubtedly, there will be set-backs, but unless there is a complete disintegration of the American productive machine, the wealth of the United States in 1950 will be as much greater than the wealth today, as the wealth today is greater than in 1870 or 1890.

3. Potential Productivity

At the present time only a fraction of the total number of people who might work actively in productive industry are so engaged. If all of the able-bodied men and all of the able-bodied women in the country were to spend their time at some form of productive occupation, the productivity of the community could be enormously increased even with the present standards of efficiency.

Charles P. Steinmetz has calculated that if every able-bodied adult in the United States were to work half a day for 200 days a year, it would be possible to produce all of the wealth now turned out. This would give each person a week of rest at each important national holiday and three months vacation in the summer time. Similar calculations have been made by other experts. These systems vary in detail, but in the main they emphasize the same conclusion, which is, that industry at present is sufficiently productive to provide all of

the necessities and simple comforts of life for every individual in the community.

Taking the total number of families in the country at 21,000,000, it is apparent from the figures already given that the average wealth of the United States per family is about \$12,000; and that the average income per family is about \$3,500. Of course, most of this wealth is productive wealth and a portion of this income must be turned back into industrial channels. Nevertheless, the fact that this country has sufficient surplus wealth to put more than \$20,000,000,000 into the war during a single year, is in itself sufficient indication of the resources that lie at our disposal.

4. Concentration of Wealth

The national income has increased. The increase has gone to the favored few. According to the United States Commissioner of Internal Revenue, there were 5,214 millionaires in the United States in 1913-14 and 17,085 in 1916-17. At the present time the number is probably doubled this latter figure, or in the neighborhood of 35,000.

The latest detailed report published by the United States Commissioner of Internal Revenue deals with the figures for 1916-17. In that year there were 429,401 persons in the United States receiving incomes of more than \$3,000 if single and more than \$4,000 if married. The total income received by these individuals was slightly more than \$8,000,000,000 or an average of about \$20,000 per individual.

The larger incomes went to a surprisingly small number of persons. Thus, there were only 121,691 persons with incomes of \$10,000 and over,—that is, only about twelve out of ten thousand of the population were more than moderately well-to-do.

On the other hand 6,633 individuals received incomes of \$100,000 a year and over and 582 individuals had incomes of \$500,000 a year and over. There were 120 with incomes of over a million dollars and ten with incomes of \$5,000,000. Among the individuals who received the higher incomes practically the entire amount came from rent, interest, dividends and profits.

It seems very clear from these figures that the increasing surplus of the United States has been going into the hands of a small fraction of the total population. The wages of the working class have increased, but hardly more than enough to keep pace with the rising cost of living. The incomes of the few have risen enormously, eating up the increase in productivity.

There is enough to go around in the United States! The yearly surplus is probably somewhere in the neighborhood of \$15,000,000,000 or \$20,000,000,000. That is enough to give

every family from \$750 to \$1,000 additional income per year. The few receive this surplus, while the many live on a subsistent wage or less.

Note.—These questions are intended for the guidance of the student and are not to be answered in writing and sent in to the school for correction.

Questions:—

1. Machine production has greatly increased the productivity of industry. In what sense has this made possible a greater surplus?
2. Have the working people of the United States shared in the wealth increase of the past thirty years?
3. Are there rich people in your community? How do their incomes or their wealth compare with the incomes and wealth of the workers?
4. What is the source of their incomes?
5. What is the form of their wealth?
6. If the ownership and control of industry were turned over to the workers in your community, could they increase productivity in any way?
7. How could they divide up the income more successfully?

References:—

The Wealth and Income of the People of the United States—W. I. King.

The Distribution of Wealth—F. H. Streightoff.

Income—Scott Nearing.

The Human Element in Economics

Twelve Lessons prepared by SCOTT NEARING

LESSON XI

ECONOMIC CITIZENSHIP

1. Democracy

The ideas and ideals that lie at the foundation of the democratic thought of the United States are common to the democratic thinkers of Canada, Australia, Switzerland, France and England. They have been popularized by certain catch phrases that carry them to the minds and hearts of the citizenship.

The most commonly accepted of the ideals upon which American democracy was built is summed up in the phrase, "The equal right of all people to life, liberty and the pursuit of happiness." Human beings differ physically and intellectually. No one hopes or even pretends that people can be made equal. It is proposed to equalize opportunity. The men and women who founded the American Colonies fled from a civilization in which there were hereditary inequalities of opportunity. In their new homes, they dedicated themselves to the task of giving equal opportunity to all of the sons and daughters of men. There was to be no special privilege. All were to be started fair in the race of life.

The ideal of equal opportunity is one of the most brilliant dreams that ever came into the human consciousness. It makes room for the individual soul at the same time that it calls to the front the men who are best fitted to do the tasks of the world.

A second ideal of the early American democracy was aptly summed up in the phrase, "He that will not work, neither shall he eat." Citizens of a democracy must assume the responsibilities of citizenship under pain of missing its benefits.

Conversely, the government in a democracy must serve the citizenship. In its early expression, this thought takes the form, "Taxation without representation is tyranny." Those who pay the piper should call the tune. Later the expression appears as "A government of the people, by the people, and for the people",—a people's government. A people's government can know only one duty—the service of those who support it.

Then, in the fourth place, the democracy will "put the man above the dollar," because, in a democracy, the important values are the human values; the great rights are the human rights. Therefore, the rights of men and women will come before the rights of property.

Here are four of the basic democratic concepts—equal opportunity, civic obligation, popular government and human rights. They were sound as tests of political democracy. Perhaps they may be equally useful in testing the democracy of industry.

These ideals of democracy were applied to the political affairs of the community. Now that a great new force has arisen, the same ideals of democracy must be applied to the industrial system, or else other ideals must be formulated that are more adequate to express the relation between the people and the living force.

2. The Industrial Revolution

Within a century the political functions of society have been pushed into the background, and in their places are the industrial forces, easily dominating, in their importance, every other activity of the community. Large scale industry has come to stay. It is an integral part of social life. It must be made a servant of man. How shall this admittedly desirable end be brought about? How but by the very process that in past years forced political government to accept community service as its declared standard. The capitalist system drives a hard pace; it pays indecently low wages; it racks its leaders as it does the subordinates; it continues poverty in the presence of plenty; it permits piled up riches in the hands of a few. The system evidently has not brought "the greatest good to the greatest number." Low wages, overwork, distorted individuality, poverty and riches have no place in a democracy.

The real fight for liberty of opportunity at the present time centers about the economic world. It is there that the next battle for liberty will be lost or won.

The leaders of the economic world have learned the importance of public opinion. Even if they believe that the public should be damned, they no longer say so. On the contrary, they are resorting to every device to win public opinion for their own. "The public be served," is their motto.

The attitude is easily explained. During the seventies, eighties and nineties, when the great aggregations of private capital were being built up, there was no need to worry about public opinion. The public was watching, mouth agape, the sleight-of-hand performances of the wonder-workers, who could build a city over night, with its rattling machinery and roaring forges. Later, when it came to paying the bill, the public began to take an active hand in business affairs; and now that it has become a question as to whether the people or the great corporations shall control the country, the corporations are using every device to win public opinion, which is the key to the situation.

The channels of public opinion are already well in hand. The bar, the pulpit, the college chair, the press, are all distinctly conservative. That is, content to let well enough alone. There are radical and even revolutionary elements in all of these institutions for the shaping of public opinion, but the tone of the institutions is conservative. In all of them, at the present time, the younger element is voicing an energetic protest. In all of them, the conservative forces are bringing the most terrific pressure to bear to keep the younger men in line.

3. Industrial Democracy

During the past few years radicalism seems to have gained in all directions. More frequently, pleas for justice are heard from lawyers; pleas for truth from ministers and teachers. The dead things of the past seem to be losing some of their power; the living things of the present and of the future seem to be gaining.

Still it remains true that those who speak in favor of things as they are "get space", while those who speak on the other side are tucked into a corner or else ignored. The fight is not yet won—it is hardly well begun.

The men who wish to organize a union are no longer

jailed for conspiracy, but "the forces of law and order" are lined up against them and they are hampered in every direction.

The most effective bribe is the bribe of a job. There is no hush money like the pay envelope. At the present time the surplus of labor is permitting the employing world to discriminate harshly against the man who is organizing with his fellows into any form of labor organization.

The liberty of the employer to organize in trade bodies is commonly accepted. The rights of the workers in the same direction are, in many districts and in many trades, ignored or ruthlessly denied.

The poor and the rich are not equal if equality is measured in terms of infant death rates, of sickness rates, of educational advantages and of opportunities to start the race of life. There is an even broader sense in which there is gross inequality as between poor and rich.

Broadly speaking—and this statement must be broadly construed—the poor are the workers and the rich are the owners. The poor give the great part of the human service; the rich control most of the productive machinery.

The poor own. They own their clothing, their kitchen utensils and house furnishings. Frequently they own their own houses. But in the vast majority of cases they do not own stocks, bonds or any other form of title to the railroads, mines, factories and stores for which they work. These titles are held by the rich.

Not all of those who work are poor, but the vast majority of those who are poor work for wages. It is only a vanishingly small proportion of the poor who live on the community without engaging in productive toil. The Johnstown report pointed out the fact that where the infant mortality was highest there lived the "families of the men who do the unskilled work in the steel mills and mines." The poor are the workers, in Johnstown and elsewhere.

Many of the rich—probably most of the rich men—are workers, but their riches consist, not primarily in the salary or returns for services, but in the income that they derive for their ownership of income-yielding property with which the poor must work if they are to live.

Riches, in so far as it consists in "establishing the maximum inequality in our own favor," is diametrically opposed to equality of opportunity. Riches, in this sense, is as far from democracy as the east is from the west.

Moreover, when it is remembered that the rich own the property with which the poor must work for a living, and that, in return for this ownership, they expect a return in the form of rent, or interest, because they are the owners, and that the poor, who work with and live upon the property of the rich, must pay them a return out of the products of their work, it becomes apparent that the private ownership of income-yielding property creates an impossible barrier of special privilege between those who work and those who own the property on which the work is done. Unless all are owners, those who own may and do exact a tribute from those who work, so that the harder the worker works and the more product he turns out, the greater is the gulf between the opportunities of him who works and him who owns.

Those who own income-yielding property that is the

product of their own accumulation and who may therefore live upon the income from this property without themselves doing any work, hold a means of enforcing inequality as between themselves and the workers. Those who inherit income-yielding property start the race of life with an assured livelihood, while the children of the workers must produce sufficient wealth to provide for their own necessities and to pay the interest and dividends on the property held by the sons of the rich. Thus the workers, in the race of life, must run their own race, carrying, meanwhile, the property owners who need do no work. Among these workers are many poor upon whose backs sit the few rich.

There is a forceful statement of the contrast in Ruskin's "Unto This Last." "It has long been known and declared that the poor have no right to the property of the rich. I wish it also to be known and declared that the rich have no right to the property of the poor." While the poor, who work for a living, are compelled to support the rich who own for a living, it is idle to talk about equal opportunity for livelihood.

One frequently hears the attitude of the wage-earner decried. He soldiers. He does not deliver a fair day's work. Such critics would be vehement indeed if the wage-earner proposed to get his pay without doing any work. Yet this is exactly the proposition that the owners of income-yielding property are demonstrating every day that they live on their ownership. There is probably no force more utterly demoralizing than the efforts of a part of the population to live, without working, upon the labor of another part. Despite this quite obvious fact, the United States is today engaged in building up an economic system that guarantees a far better living to the rich loafer than it pays to the honest worker.

When Feudalism was decaying and breaking up, the people found a remedy. Their liberties were curtailed and denied; they were coerced and oppressed. They found a remedy, however, in political citizenship.

The time has come when capitalism, decaying and breaking up, denies liberty and oppresses the people on the economic field. There seems to be but one logical remedy—economic citizenship.

Note.—These questions are intended for the guidance of the student and are not to be answered in writing and sent in to the school for correction.

Questions:—

1. Mention some of the ideals of political democracy?
2. Can equal rights be given in economic as well as in political life? Tell how.
3. Does the monopolist tax the public? What representation has the public when it comes to spending monopoly profits?
4. What do we mean by popular government in industry? Do you believe that the workers are competent to decide important industrial questions?

References:—

Pay Day—C. H. Henderson.
Socialism—John Spargo.
Self-Government in Industry—G. D. H. Cole.
Democracy After the War—J. A. Hobson.
The Social Problem—J. A. Hobson.

The Human Element in Economics

Twelve Lessons prepared by SCOTT NEARING

LESSON XII

THE PRACTICE OF INDUSTRIAL DEMOCRACY

1. A House Divided Against Itself

The government of the United States is a people's government. That is, it is organized on the general democratic proposition of the greatest good to the greatest number. The greatest number of the American people are wage-earners or lease-holders, who are using the property of others in the gaining of a livelihood. The American government, in order to be democratic, must apply this principle to the industrial world.

In the first place, it must be quite apparent, without any argument, that industry is utterly undemocratic in its present organization.

Democracy presupposes control by the people—the majority of people. As it has been worked out in modern society, it means the selection, by the people, of representatives who act for their constituency. This type of representative democracy has been accepted as a matter of course in politics. Industry, meanwhile, is under the almost complete control of a non-representative and non-responsible plutocracy.

With the exception of a very mild form of regulation exercised by state and Federal government over certain of the more important public utilities, those who own the industries control them as absolutely as the owner of a dukedom in medieval Germany controlled his estate. The modern wage-earners are not attached to the industry as the medieval serfs were attached to the land, but while they continue to work in an industry they are subject to the dictates of the owners of the industry.

The corporation is the clearest type of this relation between ownership and industrial control. The stockholder—the owners of the corporation—select a board of directors whose duty it is to manage the affairs of the property. The directors, in turn, designate certain administrative officers who carry on the active business of management. Not once are the workers consulted regarding any matter of industrial policy. They have no say, either in the selection of the officials or in the determination of the things that are to be done by the officials. The workers in a modern industry are just as far from having a say in industrial affairs as were the serfs of medieval Europe from participating in the affairs of the estates on which they worked.

It seemed almost idle to reiterate such statements. They are so obvious. No worker supposes that he has a say in business policy. No owner of business property pretends that the workers have a say in business policy. At the same time most people fail to realize the absolute negation of de-

mocracy that is involved in the present-day system of industrial organization.

Industry is not only undemocratic in its internal organization, but it has actually presumed to reach out and lay its hands on the political government for the furthering of its own interests. Thinking people cannot listen with anything short of alarm while the President speaks to Congress of the possibility that employers will allow the young men in their employ to take a few months for military training, saying, "I, for one, do not doubt the patriotic devotion either of our young men or of those who give them employment—those for whose benefit and protection they would enlist." It may be news to many people in the country that military preparedness is for the benefit and protection of the employing class, yet the President makes the point quite frankly.

To those who have followed the recent controversies between labor and capital, it is no news that the power of government has been used almost universally on the side of capital and against labor. Shortly after the recent outbreak in Colorado, the Governor (Ammons) wrote an article for the North American Review in which he discussed the whole situation. When the Governor referred to "rights" he meant the rights of property; when he referred to "wrongs" he meant wrongs against property. In the subsequent testimony it was clearly brought out that certain of the mining companies had been for years deliberately violating the state mining laws. As a result of these violations, the lives of the miners were jeopardized. When these matters were brought to the attention of the Governor, he made no outcry against "wrongs" and in favor of "rights". He sent no militia to place the mine company officials under arrest until the conditions were remedied. The safety and even the life of the miners was endangered; the state took no action, but the moment that the property of the operators was threatened the officials acted.

The same thing held true in West Virginia. Frightful explosions, resulting from deliberate neglect of official warnings, cost scores of lives without causing more than a ripple in officialdom. The moment the property of mine owners was threatened, the militia was called out, martial law was declared and the military courts railroaded cases that might have been as readily disposed of by civil procedure.

While the workers of the United States have been struggling to overthrow some of the most primitive forms of industrial autocracy the workers of Europe have been coming, with rapid strides, into their own. For many years it has been generally understood that the labor movement in Europe was more highly developed than the labor movement in the United States. The four bitter years of war experience stimulated this development to a very great degree.

In March, 1917, the Russian people sent their Czar into exile. On November 7th, 1917, all the workers of Russia proclaimed an industrial democracy. For the first time in the history of Capitalism the workers themselves took over the machinery of production, declared an end to unearned income and through a democratic form of economic organiza-

tion, known as Soviet, undertook to manage economic affairs directly from and by the workers.

2. The Industrial State

The workers of Russia adopted a constitution in July, 1918, which represents and attempts to put into practice some of the principles of industrial democracy.

The Bill of Rights which forms article one of the Russian Constitution declares that the workers of Russia must own their own jobs and that they alone must manage Russian affairs if human liberties and social justice are to be guaranteed and preserved.

To this end the dictatorship of the proletariat is established because "during the progress of the decisive battle between the proletariat and its exploiters,—the power must belong solely to the toiling masses and to their plenipotentiary representatives." The exploiters cannot hold a position in any branch of the Soviet Government.

The Soviet Constitution thus draws this fundamental distinction between those who work and those who exploit. The workers are the government. The exploiters are outlawed.

The Russians have carried this principle so far that in providing for the franchise they declare that "all who have acquired the means of living through labor that is productive and useful to society"; "soldiers of the army and navy"; and citizens who have "to any degree lost their capacity to work are eligible to the franchise". Furthermore, that the right to vote is denied to those who employ labor "in order to obtain from it an increase in profits"; "those who have an income without doing any work"; "private merchants, trade and commercial brokers"; "monks and clergy of all denominations"; "employees and agents of the former police"; "secret service and the former reigning dynasty"; insane persons; persons who have been deprived of their rights of citizenship because of criminal offenses.

Chapter one of the Russian Declaration of Rights establishes "a republic of the Soviet of Workers, Soldiers and Peasants Deputies". This Republic is organized on the basis of a free union of free nations. The workers in any one of these free nations may at any time decide "whether or not they desire to participate, and on what basis, in the federal government and for federal Soviet institutions."

The second chapter of the Declaration of Rights provides for "the abolition of exploitation of men by men, the entire abolition of the division of the people into classes, the suppression of exploiters, the establishment of a Socialist society, and the victory of socialism in all lands. . . . By declaring that all private property in land is abolished, that the entire land is declared to be national property and that it is to be apportioned among husbandmen without any compensation to the former owners in the measure of each one's ability to till it." Likewise, all natural resources are declared to be national property; as are the factories, railroads, banks and other organizations of capital. Furthermore, "universal obligation to work is introduced for the purpose of eliminating the parasitic

strata of society and organizing the economic life of the country." Furthermore, all workers are to be armed and all members of the property class are to be disarmed.

These are but instances of the thorough-going manner in which the Soviet Constitution approaches the problem of disestablishing the established order of capitalistic society. The application of the principles embodied in this Soviet Constitution whether made in Russia or elsewhere means inevitably the overthrow of capitalist and class government and the establishment of an industrial democracy.

The French Revolution ushered in political democracy. The Russian Revolution began the movement toward industrial democracy which has spread so rapidly over Europe during the succeeding months.

The old form of industrial control based on the power of wealth was a plutocracy. The new form based on the sovereignty of the workers is a democracy.

The plutocracy bases its power on some form of special privilege. The democracy stands for equality of opportunity. Special privilege is to democracy as the east is to the west. They cannot exist together. If special privilege is to dominate, equality of opportunity must be denied. If equal opportunity is to be the rule of the community, special privilege must go.

The struggle between plutocracy and democracy is a struggle for life and death. One must survive, the other must be destroyed.

Note.—These questions are intended for the guidance of the student and are not to be answered in writing and sent in to the school for correction.

Questions:—

1. Labor solidarity or class consciousness is the first essential for the practice of industrial democracy. How is this class consciousness to be developed?
2. What forces have compelled the leaders of industry to try to dominate political life?
3. Can human rights be made superior to property rights?
4. Why should the workers of Europe be more active than the workers of the United States in establishing industrial democracy?
5. The Soviet Government in its constitution seeks to establish an economic basis for free speech by providing free halls for the workers. Is this wise?
6. Can the Soviet principle be applied in the United States?
7. Work out a scheme for organizing a Soviet in your own town.

References:—

Self Government in Industry—G. D. H. Cole.
Capital (1st volume)—Karl Marx.
Democracy After the War—J. A. Hobson.

EXAMINATION IV

Note.—These questions are to be answered in writing and are to be sent to the school for correction and rating.

1. Does an increase in national wealth necessarily mean prosperity for the people?

2. Is enough wealth produced in the United States to provide for the well-being of all the workers?

3. What are the chief differences between the purposes of the political State and the purposes of the economic state?

4. In what way does private ownership of the tools of production make for inequality.

5. What is class consciousness? How can class consciousness be developed?

6. What is the Soviet principle of Government?

7. Must the struggle between the plutocracy and workers continue until one or the other succeeds? Why?

LIBRARY OF CONGRESS



0 009 745 251 9